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COUNTY OF LOS ANGELES
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November 17, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL TO EXPEND TOBACCO SETTLEMENT FUNDS ALREADY INCLUDED
IN THE DEPARTMENT'S FISCAL YEAR 2005/06 ADOPTED BUDGET AS
THE COUNTY'S SHARE OF COST FOR THE
HEALTH CARE WORKFORCE DEVELOPMENT PROGRAM
(All Districts) (3-Votes)**

IT IS RECOMMENDED THAT YOU'RE BOARD:

Authorize the Director of Health Services, or his designee (hereafter Director), to expend Tobacco Settlement funds that are already included in the Department's Fiscal Year 2005/06 Adopted Budget as the County's share of cost for the Health Care Workforce Development Program (HCWDP) while negotiations continue with the State to secure the remainder of the State's funds committed to HCWDP under the terms and conditions of the 1115 Waiver Agreement (Waiver).

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTIONS:

The Department of Health Services (DHS) is recommending approval of this authorization to fully expend the estimated County share of cost, under the 2:1 State:County sharing ratio for HCWDP, while the State's share of funding is still pending approval. The County matching funds are already included in the DHS Fiscal Year 2005/06 Adopted Budget, however, approval to spend these funds has been contingent on the allocation of State matching funds. State funding for the program thus far in Fiscal Year 2005/06 was provided only from Fiscal Year 2004-05 rollover funds. Negotiations are continuing between the County and the State for approval of the States portion of the funds for Fiscal Year 2005/06 and future fiscal years in order for the State to meet the full commitment under the 1115 Waiver for a \$40 million HCWDP.

Approval of this authorization will allow DHS, while these negotiations continue, to continue the training and education programs sponsored by the Health Care Workforce Development Program that include Board approved contracts with local colleges to prepare cohorts of DHS employees for nursing, health information technology, and other allied health professions that are critically needed by DHS.

FISCAL IMPACT/FINANCING:

Under the terms and conditions of the Waiver, the State of California and the County of Los Angeles were to provide \$40 million at a 2 to 1 sharing ratio, respectively, to meet the funding obligations of the HCWDP. The State identified Governor's Discretionary Workforce Investment Act (WIA) funds that became available to the County in June 2002. The County initially identified Local WIA funds for dislocated workers to meet their matching obligation, anticipating lay-offs as a result of clinic and hospital closures. Because DHS was able to avert lay-offs, the Local WIA dislocated worker funds could not be used to train and educate incumbent DHS employees into health care career paths to fill vacancies and Department needs. Therefore, in Fiscal Year 2004/05, your Board approved the use of up to \$6.0 million of Tobacco Settlement funds for this purpose, and the County was able to meet their matching obligation by the end of Fiscal Year 2004-05.

For Fiscal Year 2005/06, total HCWDP costs are currently estimated at approximately \$9.0 million for DHS and \$700,000 for the Department of Community and Senior Services, offset by approximately \$6.5 million in State funds and approximately \$3.2 million in County funds. Tobacco Settlement funds are included in the DHS Fiscal Year 2005/06 Adopted Budget to meet the County's share of cost.

The current cumulative expenditures for HCWDP to date in 2005 are 22.3 million – approximately \$15 million from State WIA funds and \$7.3 million from County funds.

County staff are finalizing budget documents for submission to the State requesting additional funds for Fiscal Years 2005/06, 2006/07 and 2007/08 (partial) in order to secure the approximately \$12 million remaining State funds committed under the Waiver agreement. Based on discussions with State representatives, a positive outcome is expected and a new allocation of State funds for Fiscal Year 2005/06 is anticipated in the next few months. During this time, it is anticipated that the County will need to spend the County share of funds in order to continue the HCWDP training classes, while negotiations are completed on the allocation of the State funds. If the State does not approve additional funding for HCWDP, DHS will return to your Board with further recommendations regarding the program.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

In 1999-2000, DHS, in collaboration with SEIU, began training services for critically needed patient financial services workers as part of a pilot program under a federal Department of Labor planning and research grant awarded to DHS. In June 2000 an amendment to the Waiver included a workforce development program based on the outcomes of the DOL planning grant, and in 2001 your Board approved the five-year workplan designed to respond to the training and education needs of the DHS workforce as the Department was being restructured.

Under the terms and conditions of the Waiver (2000-2005) the State and County were to fund the \$40 million with a 2 to1 sharing ratio: \$26.6 million and \$13.4 million respectively. State funds were not available until late June 2002; therefore the \$40 million could not be completely spent during the Waiver years.

IMPACT ON CURRENT SERVICES:

The Department continues to focus its training efforts in critical shortage areas. To the extent possible, trainings are scheduled at times and intervals to minimize disruption to service delivery and work schedules.

HCWDP continues to coordinate with facility administrators to minimize impact on patient services when employees are released to attend training programs.

At this juncture, HCWDP is sponsoring several long-term programs to prepare over 100 new nurses and 100 new health information technologists (medical record coders). These are in addition to the 95 DHS employees who completed HCWDP-sponsored nursing programs (27 have already passed their Board exams and been promoted as new nurses) and 54 new medical record coders. HCWDP has also provided training to over 1,300 DHS employees for post-licensure courses, such as hemodialysis and psychiatric nursing. In addition HCWDP has re-certified approximately 140 phlebotomists. HCWDP is preparing to start a psychiatric technician program and upgrade skills of radiology technologists. HCWDP has also provided over 6,419 DHS employees portable skills such as Spanish language for health care providers, communications, computer literacy and basic adult education skills. In total HCWDP has provided over 9,400 training activities to approximately 5,400 DHS employees.

Extended funding into Fiscal Year 2007/08 will ensure that long-term programs are completed and participants are supported, as they prepare and pass Board exams, and that valuable skills upgrade courses are available to continue to support DHS.

Respectfully submitted,



Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:gc
Tobacco settlement funds

c: Executive Officer, Board of Supervisors
Chief Administrative Officer
County Counsel
Director of Community and Senior Services